

## Message Text

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INFO AMEMBASSY PARIS

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PARIS FOR USOECD

E. O. 11652: N/A  
TAGS: AORG, NATO, OECD  
SUBJECT: CCG MEETING, PARIS, APRIL 19-20

REF: STATE 078540

A. CCG/W(78)6 - COST-OF-LIVING (COL) ADJUSTMENT OF  
REMUNERATION EFFECTIVE JANUARY 1, 1978.

1. DURING THE PRIVATE CCG REPRESENTATIVES' MEETING, A  
LENGTHY DISCUSSION TOOK PLACE CONCERNING METHOD WHICH  
WOULD PROVIDE COL ADJUSTMENT TO INTERNATIONAL STAFF (IS)  
WHO NEEDED IT MOST. THE DEDUCTIBLE THRESHHOLD OF TWO  
OR THREE PCT WAS FOUND LESS GENEROUS THAN THE US  
PROPOSAL OF 75 PCT FOR ALL IS. DELEGATES FELT THE UK  
SUGGESTION OF USING A TRIGGER THRESHHOLD WORTH  
CONSIDERING. TRIGGER SOLUTION WAS EXPLAINED TO MEAN  
THAT WHEN THE COL INDEX WAS THREE PCT, THE EMPLOYEES  
WOULD RECEIVE THE FULL COL INCREASE, OR 100 PCT. SINCE  
NO ONE HAD INSTRUCTIONS ON A TRIGGER THRESHHOLD SOLUTION,  
IT WAS RECOMMENDED THAT BOTH THE UK TRIGGER AND THE US  
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75 PCT PROPOSALS BE PRESENTED.

2. THE FORMAL CONSIDERATION OF THE SECSGEN'S PROPOSAL  
WEDNESDAY AFTERNOON WAS OPENED BY ASYG WOOTTON, WHO  
REMARKED THAT HE HAD POINTED OUT MANY TIMES THE EXTENT  
TO WHICH THE PURCHASING POWER OF THE HIGHER-GRADE IS  
HAD BEEN LAGGING BEHIND THE INFLATION RATE DURING RECENT

YEARS. SINCE GOVERNMENTS HAD NOT GRANTED 100 PCT INCREASE OF COL INDEX ON JANUARY 1, 1977, HE FELT GOVERNMENTS SHOULD SHOW GENEROSITY AND GRANT 100 PCT FOR THE JANUARY 1978 COL ADVANCE.

3. UK REP RESPONDED THAT THE FALL IN INFLATION RATE NOTED IN MOST COUNTRIES DURING LAST SIX MONTHS OF 1977 WAS EXPECTED TO CONTINUE, AND THAT PURPOSE OF A COL ADVANCE WAS TO PROTECT EMPLOYEES SUFFERING LOSS OF PURCHASING POWER. HE DESCRIBED THE DEDUCTIBLE AND TRIGGER THRESHHOLD CONCEPTS AND RECOMMENDED, IN VIEW OF THE LOW INDEX INCREASES IN SOME COUNTRIES, THAT A THREE OR ABOVE TWO PCT TRIGGER THRESHHOLD BE CONSIDERED.

4. US PROPOSAL FOR 75 PCT OF COL INDEX PRESENTED. DELEGATES DISCUSSED BOTH PROPOSALS, WITH A MAJORITY PREFERRING TRIGGER THRESHHOLD.

5. STAFF ASSOCIATION REP VIEWED UK TRIGGER PROPOSAL AS PRACTICAL, BUT COULD BE INTERPRETED MANY WAYS. HE SAID STAFF ATTACHED IMPORTANCE TO MAINTAINING PURCHASING POWER OF REMUNERATION.

6. ASYG STATED TRIGGER THRESHHOLD FIGURE WAS TOO HIGH, A TRIGGER DEDUCTIBLE RIDICULOUS, AND REQUESTED AN ADJOURNMENT TO DISCUSS WITH COLLEAGUES LIMITED OFFICIAL USE

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AND STAFF ASSOCIATION.

7. WHEN THE MEETING RECONVENED AN HOUR LATER, THE ASYG NOTED THERE HAD BEEN AN ATMOSPHERE OF COOPERATION ON PART OF DELEGATES, BUT THAT SECSGEN BEGAN FROM DIFFERENT POINT OF VIEW, I. E., IS SHOULD BE TREATED EQUALLY WHEREVER LOCATED, AND ONE SHOULD NOT CARRY OUT A SYSTEM OF SALARY ADJUSTMENTS BECAUSE OF LOCATION IN A PARTICULAR COUNTRY. HE DISCUSSED LOSS OF PURCHASING POWER OF IS IN HOLLAND, POSSIBLE RISK OF OVERPAYMENT WITH HIS NEW PROPOSAL, AND STATED "WE WILL NOT BE OPERATING UNDER 133RD REPORT AFTER JULY 1, 1978." HE THEN PROPOSED THAT CCG GRANT 80 PCT OF THE COL INDEX INCREASE NOW, AGREE NOW TO GRANT THE REMAINING 20 PCT AS DF JULY 1, 1978, IN ALL CASES WHERE THE JULY 1978 GENERAL SALARY REVIEW ADJUSTMENT WOULD BE AT THE COL INDEX LEVEL OR ABOVE IT. HE STATED SECSGEN FEEL VERY STRONGLY THAT JANUARY 1, 1978, BE, AS WELL AS EARLIER YEARS SHOULD HAVE BEEN, ADJUSTED FOR FULL COL INDEX INCREASE. ASKED DELEGATES TO REFLECT ON NEW PROPOSAL.

8. UK DELEGATE NOTED SAME SUGGESTION HAD BEEN DISCUSSED

PREVIOUSLY FOR MORE THAN NINE MONTHS, AND WOULD REOPEN SAME DISCUSSION AGAIN. DELEGATES WISHED TO PROVIDE PROTECTION FOR IS FACED WITH HIGH COL INDEX INCREASE, AND MANY FELT THE TRIGGER THRESHHOLD FORMULA PROVIDED THE FAIREST AND MOST SATISFACTORY SOLUTION. FRENCH DELEGATE SUGGESTED TRIGGER BE LOWERED TO TWO PCT.

9. STAFF ASSOCIATION REP HOPED GOVERNMENTS WOULD ACCEPT RECOMMENDATION FOR 100 PCT ADJUSTMENT.

10. DISCUSSION ADJOURNED UNTIL FOLLOWING MORNING, WHEN ASYG RETURNED TO PRESENT "A SUGGESTION" WHICH HE HAD NOT

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DISCUSSED WITH STAFF ASSOCIATION. THE SUGGESTION AMOUNTED TO A DEDUCTIBLE THRESHHOLD OF 0.4 PCT AND PAYING 100 PCT OF THE BALANCE. THIS APPEARED TO BE AN ATTEMPT TO COVER EMPLOYEES IN ALL COUNTRIES, AND GENERAL REACTION SEEMED TO INDICATE THAT THE TRIGGER WAS A BETTER SOLUTION. DELEGATES AGREED TO REQUEST INSTRUCTIONS.

11. STAFF ASSOCIATION REPS EXPRESSED SURPRISE AT ABATEMENT SUGGESTION, DID NOT ASSOCIATE THEMSELVES WITH RECOMMENDATION, COULD NOT ACCEPT DISCRIMINATION BETWEEN STAFF SERVING IN DIFFERENT COUNTRIES, AND REQUESTED THAT DELEGATES BE PREPARED TO DISCUSS PROPOSALS AND REACH DECISION AT NEXT MEETING.

12. US REP AGREED TO SUGGEST WORDING FOR SAFEGUARD

CLAUSE. (FOLLOWING TEXT GIVEN TO CHAIRMAN AND WILL BE ISSUED FOR NEXT MEETING: QUOTE: IT SHOULD BE CLEARLY UNDERSTOOD THAT IF ADVANCE GRANTED EFFECTIVE JANUARY 1, 1978, EXCEEDS THE AMOUNT GRANTED SUBSEQUENTLY UNDER THE JULY 1, 1978 GENERAL REVIEW, THE EXCESS MUST BE REIMBURSED. END QUOTE.) LIMITED OFFICIAL USE

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13. OECD REP (BERLINE) QUESTIONED WHETHER THE SAFEGUARD CLAUSE WOULD APPLY WHEN THERE HAD BEEN AN UNDERPAYMENT IN THE COL, AND WOULD THE GOVERNMENTS MAKE UP ANY DIFFERENCE, SAYING HE FOUND THE IDEA COMPLETELY RIDICULOUS. REPLY WAS THAT IT CONCERNED ONLY OVERPAYMENT.

14. WHEN MEETING HAD ADJOURNED, AN EMPLOYEE FROM THE NATO STAFF ASSOCIATION ASKED THE UK DELEGATE WHETHER A TRIGGER THRESHHOLD OF 1.5 PCT WITH 100 PCT OF COL INDEX WOULD BE CONSIDERED BY DELEGATES, SINCE HE FELT AS MANY EMPLOYEES AS POSSIBLE SHOULD RECEIVE ADJUSTMENT.

15. THERE ARE SUMMARIZED THE PROPOSALS FOR THE COL ADVANCE OF JANUARY 1, 1978:

A. 100 PCT ADVANCE (SECSGEN)

B. 75 PCT OF COL INDEX (US)

C. TRIGGER THRESHHOLD - 3 PCT, OR ABOVE 2 PCT, AND THEN PAY FULL COL INDEX (UK)

D. 80 PCT NOW AND THEN 20 PCT, IF JUSTIFIED AFTER GENERAL REVIEW (ASYG)

E. 0.4 PCT DEDUCTIBLE THRESHHOLD AND 100 PCT BALANCE (ASYG)

F. 1.5 PCT TRIGGER THRESHHOLD AND THEN PAY FULL COL INDEX (NATO SA EMPLOYEE)

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16. COMMENT: DELEGATES' CONCERN IS FOR EMPLOYEES OF TURKEY AND SPAIN, WHERE THE COL INDICES ARE THE HIGHEST (124.1) AND (111.3). THE TRIGGER THRESHHOLD

(C) APPEARED TO BE FAVORED BY MANY DELEGATES, WITH THE DUTCH OPTING FOR AN "ABOVE TWO PCT", WHICH WOULD ELIMINATE HOLLAND. THE TRIGGER THRESHHOLD IN (F) WAS OBVIOUSLY MEANT TO INCLUDE HOLLAND. SOME CONSIDERED THE US (B), BUT TO HELP TURKEY AND SPAIN WOULD LIKE TO GIVE MORE THAN 75 PCT, BUT DO NOT WANT TO USE 80 PCT, WHICH WOULD BE IDENTICAL TO LAST YEAR'S ADJUSTMENT. END COMMENT.

17. THE DEPARTMENT'S REVIEW OF THE ABOVE SUMMARIZED DISCUSSION, THE PROPOSALS AND INSTRUCTIONS WOULD BE APPRECIATED. IT IS DESIRED TO REACH AN AGREEMENT AT THE MAY 17-18 MEETING IN STRASBOURG.

18. AD HOC DECISION FOR TURKEY

SHAPE PERSONNEL OFFICER STATED IS IN TURKEY WERE FACING UNUSUAL HARDSHIP, WITH COL INCREASING ABOUT 4 PCT MONTHLY, AND SHAPE UNABLE TO RECRUIT AS A RESULT. HE HOPED EARLY SOLUTION WOULD BE FOUND.

AFTER CHAIRMAN REQUESTED THAT DELEGATES OBTAIN AS FLEXIBLE INSTRUCTIONS AS POSSIBLE FOR NEXT MEETING, NATO DIRECTOR OF ADMINISTRATION ASKED IF CCG COULD GIVE AD HOC SOLUTION FOR TURKEY. HE SAID THAT THERE WERE TWO VACANT POSITIONS DEALING WITH COMMUNICATIONS WHICH WERE UNFILLED BECAUSE OF SALARIES.

AFTER DISCUSSION, BECAUSE OF THE HIGH COL INCREASE IN TURKEY, COMMITTEE ACCEPTED UK DELEGATE'S RECOMMENDATION TO GRANT 20 PCT COL TO IS IN TURKEY IMMEDIATELY. THIS WOULD NOT PREJUDGE FINAL DECISION. US ACCEPTED, BASED

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ON PARA 1 (75 PCT ALL GRADES) OF REFTEL.

B. CCG/W(78)9 - 1978 ANNUAL REVIEW OF SUBSISTENCE ALLOWANCE FOR CCG STAFF ON DUTY IN MEMBER COUNTRIES.

- DOCUMENT RECEIVED APRIL 19. FIGURES GIVEN INTERORGANIZATIONS SECTION (IOS) BY NATIONAL EMBASSIES. RATES FOR NEW YORK INCREASED APPROXIMATELY \$10, AND OUTSIDE NEW YORK ABOUT \$8. RECOMMEND ACCEPTANCE OF DOCUMENT.

C. CCG/W(78)8 - TAX ADJUSTMENT OF PENSIONS. IOS SUPERVISOR GAVE PROGRESS REPORT ON ITS WORK IN PREPARING EQUIVALENCE TABLES.

D. CHAIRMAN HAD RECEIVED A LETTER FROM PRESIDENT OF THE EUROPEAN PATENT OFFICE (EPA), IN WHICH PRESIDENT SAID HE HAD REQUESTED IN LETTER, DATED NOVEMBER 28, 1977, THAT THE EPA BECOME A FULL MEMBER OF THE CCG, AND THAT HE HAD NOT HAD A REPLY FROM THE SECSGEN. PRESIDENT LIMITED OFFICIAL USE

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WISHED NEW CHAIRMAN TO BE AWARE OF EPA APPLICATION FOR CCG MEMBERSHIP.

- WHEN CHAIRMAN ASKED WHAT ACTION HAD BEEN TAKEN IN RESPONSE TO NOVEMBER LETTER, OECD BERLINE SAID FOR A NUMBER OF REASONS SECSGEN HAD NOT MET TO DISCUSS THIS IMPORTANT MATTER; THAT LETTER HAD NOT BEEN ANSWERED; IN PRACTICAL TERMS, EPA COULD HAVE ALL INFORMATION AT IOS DISPOSAL WITHOUT BECOMING A CCG MEMBER.

- UK DELEGATE, WITHOUT MENTIONING MEMBERSHIP QUESTION OF WEATHER CENTER (130TH REPORT, WHICH STILL NOT PASSED TO COUNCILS), RECOMMENDED THAT SECSGEN CONSIDER EPA APPLICATION FAVORABLY, SINCE LARGE ORGANIZATION LIKE EPA COULD INFLUENCE SALARY SCALES, AS WELL AS PAY ITS SHARE OF IOS COSTS. BELGIAN DELEGATE SUGGESTED THAT CHAIRMAN SHOULD WRITE TO SECSGEN ASKING, SHOULD NEGATIVE DECISION BE TAKEN ON EPA APPLICATION, THAT IT BE JUSTIFIED. FIVE SECSGEN ARE NOT EXPECTED TO MEET BEFORE JULY.

E. ACTION REQUESTED: DEPARTMENT'S INSTRUCTIONS ON THE

COL ADVANCE, APPROVAL OF CCG/W(78)9, AND COMMENTS ON EPA  
APPLICATION FOR CCG ADMISSION.BENNETT

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## Message Attributes

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